

GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No 199903008M)



To Our Shareholders

The Board of Directors of Great Eastern Holdings Limited (“**GEH**”) has announced:

Unaudited Financial Results of GEH Group for the First Quarter Ended 31 March 2016

For the quarter ended 31 March 2016, Group profit attributable to shareholders was S\$96.9 million. Details of the financial results are attached.

Unaudited Supplementary Information

Disclosure of operating and non-operating profit from insurance business is provided as supplementary information to the financial results.

Dividend

No interim dividend has been declared in the first quarter of 2016 (first quarter 2015: nil).

Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Company and of the Group for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

By Order of the Board

Jennifer Wong Pakshong
Group Company Secretary
Singapore, 25 April 2016

The Group financial results are also available on the Company's website at www.greateasternlife.com.

FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

1. GROUP PROFIT AND LOSS STATEMENTS

in Singapore Dollars (millions)	1st Quarter 2016	1st Quarter 2015	% + / (-)	4th Quarter 2015	% + / (-)
Gross Premiums	2,262.3	1,875.3	21	2,529.2	(11)
Life assurance profit from:					
Participating Fund	35.4	32.8	8	35.0	1
Non-participating Fund	0.7	115.9	(99)	163.7	(100)
Investment-linked Fund	47.4	50.2	(6)	37.7	26
Profit from life assurance	83.5	198.9	(58)	236.4	(65)
Profit from general insurance	5.6	6.7	(16)	3.2	75
Profit from insurance business	89.1	205.6	(57)	239.6	(63)
Investment income, net	34.4	31.0	11	44.8	(23)
Gain/(loss) on sale of investments and changes in fair value	10.6	4.7	126	(34.2)	nm
Gain on disposal of interest in associate	-	-	-	3.6	(100)
Increase in provision for impairment of assets	(3.9)	(0.3)	nm	(13.4)	nm
(Loss)/gain on exchange differences	(12.2)	10.2	nm	(1.9)	nm
Profit/(loss) from Shareholders' Fund's investments	28.9	45.6	(37)	(1.1)	nm
Fees and other income	19.5	18.9	3	21.4	(9)
Profit before expenses	137.5	270.1	(49)	259.9	(47)
less:					
Management and other expenses	16.2	20.3	(20)	16.0	1
Interest expense	4.6	4.6	-	4.6	-
Depreciation	0.2	0.4	(50)	0.6	(67)
Expenses	21.0	25.3	(17)	21.2	(1)
Profit after expenses	116.5	244.8	(52)	238.7	(51)
Share of profit/(loss) after income tax of associates	-	0.8	(100)	(1.9)	(100)
Profit before income tax	116.5	245.6	(53)	236.8	(51)
Income tax	(17.1)	(22.9)	nm	(16.1)	nm
Profit after income tax	99.4	222.7	(55)	220.7	(55)
Attributable to:					
Shareholders	96.9	220.5	(56)	218.8	(56)
Non-controlling interests	2.5	2.2	14	1.9	32
	99.4	222.7	(55)	220.7	(55)
Basic and diluted earnings per share attributable to shareholders of the Company (in Singapore Dollars)	0.20	0.47	(57)	0.46	(57)
Return on Equity (Average Shareholders' Fund) (%) (not annualised)	1.6%	3.6%	-2.0 pp	3.4%	-1.8 pp

nm – not meaningful / exceeding 300%

2. GROUP STATEMENT OF COMPREHENSIVE INCOME

in Singapore Dollars (millions)	1st Quarter 2016	1st Quarter 2015	% + / (-)	4th Quarter 2015	% + / (-)
Profit after income tax for the period	99.4	222.7	(55)	220.7	(55)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Exchange differences arising on translation of overseas entities attributable to non-controlling interests	0.6	(0.2)	nm	0.1	nm
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of overseas entities	8.7	(9.5)	nm	12.0	(27)
Share of other comprehensive income of associates	-	1.2	(100)	(3.1)	(100)
Available-for-sale financial assets:					
Changes in fair value	(82.5)	173.1	nm	41.6	nm
Reclassification of realised (gain)/loss on disposal of investments to Profit and Loss Statement	(1.6)	(12.2)	nm	12.1	nm
Tax on changes in fair value	13.4	(27.2)	nm	(9.3)	nm
Other comprehensive income for the period, after tax	(61.4)	125.2	nm	53.4	nm
Total comprehensive income for the period	38.0	347.9	(89)	274.1	(86)
Total comprehensive income attributable to:					
Shareholders	36.6	345.1	(89)	271.3	(87)
Non-controlling interests	1.4	2.8	(50)	2.8	(50)
	38.0	347.9	(89)	274.1	(86)

nm – not meaningful / exceeding 300%

3. GROUP BALANCE SHEET

in Singapore Dollars (millions)	Group		
	31 Mar 2016	31 Dec 2015	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Currency translation reserve	(162.1)	(170.8)	nm
Fair value reserve	(2.0)	67.0	nm
Accumulated profit	6,278.4	6,181.5	2
SHAREHOLDERS' FUND	6,267.0	6,230.4	1
NON-CONTROLLING INTERESTS	68.0	66.6	2
TOTAL EQUITY	6,335.0	6,297.0	1
LIABILITIES			
Insurance payables	3,560.2	3,391.6	5
Other creditors and interfund balances	2,522.3	2,562.3	(2)
Unexpired risk reserve	128.3	126.6	1
Derivative financial liabilities	393.1	521.4	(25)
Income tax	474.9	497.1	(4)
Provision for agents' retirement benefits	265.1	250.6	6
Deferred tax	1,054.6	1,068.3	(1)
Debt issued	399.5	399.5	-
General insurance fund	239.6	228.2	5
Life assurance fund	52,746.7	50,478.1	4
TOTAL EQUITY AND LIABILITIES	68,119.3	65,820.7	3
ASSETS			
Cash and cash equivalents	4,195.3	3,491.1	20
Other debtors and interfund balances	2,410.9	2,585.6	(7)
Insurance receivables	2,666.3	2,576.0	4
Loans	1,942.2	1,808.5	7
Derivative financial assets	250.1	38.1	nm
Investments	54,371.9	53,058.3	2
Associates	52.6	52.8	(0)
Intangible assets	32.8	32.1	2
Investment properties	1,577.0	1,568.1	1
Property, plant and equipment	620.2	610.1	2
TOTAL ASSETS	68,119.3	65,820.7	3
Net Asset Value per share (in Singapore Dollars)	13.24	13.16	1

For analysis of major variances, please refer to section 9.8 on page 8.

nm – not meaningful / exceeding 300%

4. COMPANY BALANCE SHEET

in Singapore Dollars (millions)	Company		
	31 Mar 2016	31 Dec 2015	% + / (-)
Share capital	152.7	152.7	-
Reserves			
Merger reserve	419.2	419.2	-
Accumulated profit	2,262.4	2,264.2	(0)
TOTAL EQUITY	2,834.3	2,836.1	(0)
LIABILITIES			
Other creditors	9.5	8.7	9
Income tax	0.1	0.1	-
TOTAL EQUITY AND LIABILITIES	2,843.9	2,844.9	(0)
ASSETS			
Cash and cash equivalents	217.3	317.0	(31)
Other debtors	0.4	0.1	300
Amounts due from subsidiaries	1,939.5	1,841.1	5
Subsidiaries	686.1	686.1	-
Property, plant and equipment	0.6	0.6	-
TOTAL ASSETS	2,843.9	2,844.9	(0)
Net Asset Value per share (in Singapore Dollars)	5.99	5.99	-

5. SELECTED INCOME AND MANAGEMENT EXPENSES

in Singapore Dollars (millions)	Shareholders' Fund		
	1st Quarter 2016	1st Quarter 2015	4th Quarter 2015
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	19.4	18.2	19.7
2. Rental expense	1.7	1.6	1.5
3. Depreciation	0.2	0.4	0.6
4. Changes in third-party interests in consolidated investment funds	-	-	(5.9)

in Singapore Dollars (millions)	Life Assurance and General Insurance		
	1st Quarter 2016	1st Quarter 2015	4th Quarter 2015
<u>Income</u>			
1. Investment income, net (excluding mark-to-market changes)	441.1	429.9	440.4
<u>Expenses</u>			
1. Staff costs and related expenses (including executive directors and key management personnel compensation)	52.2	52.0	54.1
2. Rental expense	4.5	4.2	4.6
3. Depreciation	11.7	11.1	14.9

6.1. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2016

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2016	152.7	(170.8)	67.0	6,181.5	6,230.4	66.6	6,297.0
Profit for the period	-	-	-	96.9	96.9	2.5	99.4
<u>Other comprehensive income</u>							
Exchange differences arising on translation of overseas entities	-	8.7	-	-	8.7	0.6	9.3
Available-for-sale financial assets:							
Changes in fair value	-	-	(80.7)	-	(80.7)	(1.8)	(82.5)
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(1.6)	-	(1.6)	-	(1.6)
Tax on changes in fair value	-	-	13.3	-	13.3	0.1	13.4
Other comprehensive income for the period, after tax	-	8.7	(69.0)	-	(60.3)	(1.1)	(61.4)
Total comprehensive income for the period	-	8.7	(69.0)	96.9	36.6	1.4	38.0
Balance at 31 March 2016	152.7	(162.1)	(2.0)	6,278.4	6,267.0	68.0	6,335.0

6.2. GROUP STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2015

in Singapore Dollars (millions)	Attributable to Shareholders of the Company					Non-Controlling Interests	Total Equity
	Share Capital	Currency Translation Reserve	Fair Value Reserve	Accumulated Profit ⁽¹⁾	Total		
Balance at 1 January 2015	152.7	(96.4)	159.1	5,656.4	5,871.8	60.1	5,931.9
Profit for the period	-	-	-	220.5	220.5	2.2	222.7
Other comprehensive income							
Exchange differences arising on translation of overseas entities	-	(9.5)	-	-	(9.5)	(0.2)	(9.7)
Share of other comprehensive income of associates	-	1.3	(0.1)	-	1.2	-	1.2
Available-for-sale financial assets:							
Changes in fair value	-	-	172.2	-	172.2	0.9	173.1
Reclassification of realised gain on disposal of investments to Profit and Loss Statement	-	-	(12.2)	-	(12.2)	-	(12.2)
Tax on changes in fair value	-	-	(27.1)	-	(27.1)	(0.1)	(27.2)
Other comprehensive income for the period, after tax	-	(8.2)	132.8	-	124.6	0.6	125.2
Total comprehensive income for the period	-	(8.2)	132.8	220.5	345.1	2.8	347.9
Balance at 31 March 2015	152.7	(104.6)	291.9	5,876.9	6,216.9	62.9	6,279.8

(1) Included in Accumulated Profit are non-distributable reserves of \$1,258.2 million (31 March 2015: \$1,249.1 million), which arise from regulatory risk charges in Singapore and Malaysia that are held out of the Group Shareholders' Accumulated Profit Account.

7. COMPANY STATEMENT OF CHANGES IN EQUITY for the periods ended 31 March 2016 and 2015

in Singapore Dollars (millions)	Share Capital	Merger Reserve	Accumulated Profit	Total Equity
Balance at 1 January 2016	152.7	419.2	2,264.2	2,836.1
Loss for the period	-	-	(1.8)	(1.8)
Total comprehensive income for the period	-	-	(1.8)	(1.8)
Balance at 31 March 2016	152.7	419.2	2,262.4	2,834.3
Balance at 1 January 2015	152.7	419.2	1,983.9	2,555.8
Loss for the period	-	-	(2.2)	(2.2)
Total comprehensive income for the period	-	-	(2.2)	(2.2)
Balance at 31 March 2015	152.7	419.2	1,981.7	2,553.6

8. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH

in Singapore Dollars (millions)	1st Quarter 2016	1st Quarter 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	116.5	245.6
Life assurance loss before income tax	(217.7)	(289.9)
General insurance profit before income tax	7.3	8.0
Adjustments for non-cash items:		
Surplus transferred from life assurance fund but not yet withdrawn	(83.5)	(198.9)
Profit transferred from general insurance fund but not yet withdrawn	(5.6)	(6.7)
Share of loss/(profit) of associates	0.1	(0.8)
Gain on sale of investments and changes in fair value	(357.9)	(53.4)
Increase in provision for impairment of assets	55.1	2.7
Increase in provision for agents' retirement benefits	6.0	10.4
Gain on disposal of property, plant and equipment	-	(0.1)
Depreciation	11.9	11.5
Unrealised loss/(gain) on exchange differences	516.1	(465.6)
Change in life assurance contract liabilities	1,192.4	1,306.9
Change in general insurance contract liabilities	4.6	1.3
Change in unexpired risk reserve	(1.1)	0.5
Dividend income	(83.2)	(78.6)
Interest income	(417.7)	(410.6)
Interest expense	4.6	4.9
Interest expense on policy benefits	35.5	34.1
Share-based payments	0.6	0.7
	784.0	122.0
Changes in working capital:		
Insurance receivables	(88.3)	6.3
Other debtors and interfund balances	173.4	(431.4)
Insurance payables	168.6	(3.6)
Other creditors and interfund balances	(35.9)	17.8
Cash generated from/(used in) operations	1,001.8	(288.9)
Income tax paid	(46.4)	(49.2)
Interest paid on policy benefits	(35.5)	(34.1)
Agents' retirement benefits paid	(2.9)	(2.8)
Net cash flows from/(used in) operating activities	917.0	(375.0)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities and sale of investments	5,489.4	5,616.0
Purchase of investments	(6,999.8)	(5,762.6)
Proceeds from sale of property, plant and equipment	-	1.0
Purchase of property, plant and equipment and investment properties	(14.9)	(9.9)
Interest income received	418.9	425.9
Interest expense paid	(9.3)	(9.7)
Dividends received	81.5	78.2
Net cash flows (used in)/from investing activities	(1,034.2)	338.9
Net effect of currency translation reserve adjustment	821.4	(373.1)
Net increase/(decrease) in cash and cash equivalents	704.2	(409.2)
Cash and cash equivalents at the beginning of the period	3,491.1	3,254.3
Cash and cash equivalents at the end of the period	4,195.3	2,845.1

9. REVIEW OF RESULTS

The Group Financial Statements for the first quarter of 2016 (Q1-16) were prepared in accordance with the Singapore Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS).

9.1 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders of \$96.9 million for Q1-16 was 56% lower compared with the same period last year (Q1-15: \$220.5 million). This was brought about mainly by unrealised fair value losses from the valuation of assets and liabilities in the insurance business amid unfavourable financial market conditions.

9.2 GROSS PREMIUMS

Q1-16 gross premiums increased 21% compared with the same period last year to \$2,262.3 million (Q1-15: \$1,875.3 million).

9.3 PROFIT FROM INSURANCE BUSINESS

The Group's profit from insurance business for Q1-16 was \$89.1 million (Q1-15: \$205.6 million), 57% lower than the same quarter last year, mainly because of unrealised losses from the widening of credit spreads and decline in equity markets. Profit was also affected by higher claims in the Singapore Non-Participating Fund. In addition, the profit contribution from Malaysia in Singapore Dollar terms was lower, primarily due to a weaker Malaysian Ringgit.

Profit from general insurance of \$5.6 million for Q1-16 was lower than the same quarter last year (Q1-15: \$6.7 million) due to higher claims.

9.4 PROFIT FROM SHAREHOLDERS' FUND'S INVESTMENTS

Shareholders' Fund recorded higher investment income as well as higher realised gain from sale of investments and changes in fair value profit for Q1-16. However, this was more than offset by unrealised foreign exchange loss from US dollar-denominated investments. As a result, Profit from Shareholders' Fund's Investments for Q1-16 was lower at \$28.9 million compared with the same quarter last year (Q1-15: \$45.6 million).

9.5 FEES AND OTHER INCOME

Fees and other income increased to \$19.5 million for Q1-16 (Q1-15: \$18.9 million) from higher fee income from the Group's asset management arm, Lion Global Investors Limited.

9.6 MANAGEMENT AND OTHER EXPENSES

Management and other expenses were lower at \$16.2 million for Q1-16 (Q1-15: \$20.3 million) mainly from revaluation gains from Malaysian Ringgit-denominated intercompany receivables.

9.7 SHARE OF LOSS / PROFIT AFTER INCOME TAX OF ASSOCIATES

There was no share of profit after income tax of associates for Q1-16 as the Group's investment in China ceased to be accounted for as an associate from 1 December 2015 and has since been accounted for as available-for-sale.

9.8 BALANCE SHEET

9.8.1 Currency Translation Reserve

As at 31 March 2016, translation loss was \$162.1 million compared with a loss of \$170.8 million as at 31 December 2015. The reduction in the loss was mainly caused by the appreciation of the Malaysian Ringgit against the Singapore Dollar in Q1-16.

9.8.2 Fair Value Reserve

As at 31 March 2016, fair value reserve was -\$2.0 million, compared with \$67.0 million as at 31 December 2015. The decrease was caused by unrealised fair value losses from Shareholders' Fund's Investments.

9.8.3 Derivative Financial Liabilities and Assets

Derivative financial liabilities and assets held by the Group are for hedging purposes. Derivative financial liabilities decreased to \$393.1 million as at 31 March 2016 (31 December 2015: \$521.4 million) and derivative financial assets increased to \$250.1 million (31 December 2015: \$38.1 million). The change in the net position mainly arose from movements in the fair value of currency swaps as a result of the weakening of the US Dollar against the Singapore Dollar.

9.8.4 Debt Issued

	31 March 2016	31 December 2015
in SGD (millions)		
Subordinated fixed rate notes (unsecured) - payable after one year	399.5	399.5

9.8.5 Cash and cash equivalents

Cash and cash equivalents increased by 20% to \$4,195.3 million as at 31 March 2016 (31 December 2015: \$3,491.1 million), mainly due to net cash flows from operating activities.

9.8.6 Asset allocation of life funds, excluding Investment-linked Funds, was as follows:

	SINGAPORE		MALAYSIA	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Fixed income & debt securities	64%	62%	71%	72%
Equities	22%	25%	22%	23%
Real estate & others	7%	7%	3%	3%
Cash & money market instruments	7%	6%	4%	2%
Market Value of Assets (in SGD billions)	32.6	31.6	21.9	20.7

9.9 REGULATORY CAPITAL

The Capital Adequacy Ratios of the Group's insurance subsidiaries in both Singapore and Malaysia remain strong and well above their respective minimum regulatory levels.

10. SHARE CAPITAL

The Company's issued and paid up share capital as at 31 March 2016 was unchanged at \$152.7 million compared with 31 December 2015. Total number of shares issued as at 31 March 2016 also remained unchanged at 473,319,069 compared with 31 December 2015.

11. ACCOUNTING POLICIES

The Group adopted the accounting policies and methods of computation for the financial statements for Q1-16, consistent with the audited financial statements for the year ended 31 December 2015.

The adoption of the other revised and new FRS and INT FRS which came into effect on 1 January 2016 did not have any material financial impact on the Group's results for Q1-16.

12. UNAUDITED RESULTS

The consolidated Group's financial results for the first quarter ended 31 March 2016 have not been audited or reviewed by the Group's auditors.

13. FACTORS THAT MAY AFFECT GROUP PERFORMANCE IN THE NEXT REPORTING AND/OR 12-MONTH PERIOD

The Group's performance may be affected by changes in the fair value of its assets and liabilities due to continued volatility in the financial markets from uncertainties over interest rate movements and concerns over the slowing down of the global economy.

14. OTHER MATTERS

Pursuant to Rule 920(1) of the Listing Manual, GEH has not obtained a general mandate from shareholders for Interested Person Transactions.

Issued: 25 April 2016